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DEPARTMENT FOR DRL A/S KRAMER

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SUBJECT: SCENESETTER FOR A/S KRAMER VISIT TO YEREVAN, JUNE
23-25, 2008

REF: YEREVAN 498

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Classified By: Charge d'Affaires Joseph Pennington, reasons 1.4 (b/d).

SUMMARY

¶1. (C) Your visit comes during a critical phase in post-independence Armenia's political development, and democracy and human rights are at the top of the U.S. agenda here. After significantly flawed and hotly disputed presidential elections February 19, violent clashes, a 20-day state of emergency, and the arrest of more than 100 political opponents, the new government's democratic credentials are badly damaged. We have urged Armenian officials to take bold action to repair the damage and rebuild their legitimacy. To date, however, they have taken only modest steps that appear aimed more at meeting the letter of international criticism than seriously addressing the democratic setbacks from the election. This suggests that Armenia's highest officials are simply not serious about democratization.

¶2. (C) SUMMARY CONTINUED: We look to your visit to deliver a clear, tough message to the authorities underlining the seriousness of the US commitment to democracy and human rights in Armenia, mounting USG concerns over democratic regression, and concerns that the tentative measures taken to date lack the depth, credibility, and spirit of compromise that are urgently required to repair the damage done by the election and its aftermath. You will want to clearly underscore to officials that absent genuine, significant reforms and a timely restoration of democratic freedoms, Armenia's new President, his newly-appointed cabinet, and the unrepresentative parliament he controls will remain plagued by questions of legitimacy, and increasingly vulnerable to mounting popular discontent. As a result, they will not be the strong partners the United States needs to address the Nagorno-Karabakh conflict, Turkish-Armenian reconciliation, and other key regional issues. END SUMMARY.

POLITICAL CRISIS

¶3. (C) Armenia's political situation simmers with mounting popular discontent over the significantly flawed February presidential election, its violent, lethal aftermath, and the cosmetic responses by Armenia's top authorities to repair the damage and deep social and political divisions. Armenia's

new president Serzh Sargsian faces a crisis of legitimacy due to the popular conviction that he stole the election, outrage over the government's zeal in cracking down on opposition protests after the fact, and widespread distrust that his regime is willing to reform its ways, even under international pressure.

14. (C) Authorities have arrested dozens of opposition politicians, activists, and sympathizers on mostly specious political charges, including for causing "mass disorders" and attempts to "usurp power," serious charges that carry up to 15 years imprisonment. On the eve of possible June 25 sanctions against Armenia by the Parliamentary Assembly of the Council of Europe (PACE) where Armenia may see its voting rights suspended, the authorities in early June began to release (on bond, by dropping charges, or by handing down suspended sentences) dozens of these figures. At the same time, however, the ruling regime continues to harass, detain, arrest, charge and convict new opposition activists or supporters. Three Armenian MPs who were arrested in early March, and had their parliamentary immunity lifted in an extraordinary session where the MPs were led into parliament in handcuffs, remain in detention, as does the former Deputy Prosecutor General and other senior allies of Armenia's first president Levon Ter-Petrossian (LTP) -- Serzh Sargsian's main election rival -- who continues to dispute the election outcome that had him finishing a distant second to Sargsian in the first round (22 percent of the vote to Sargsian's 53 percent).

15. (C) During March 1-2 clashes between protesters and security forces that claimed at least ten lives, President Sargsian's mentor, then-President Robert Kocharian, decreed a State of Emergency (SOE). The SOE put into place a media black-out on all political opinion that diverged from

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official views. While Armenia's televised media have liberalized to a minor extent in the first weeks of June (again, and perhaps not coincidentally, on the eve of possible PACE sanctions on June 25), a pervasive anti-opposition bias on Armenia's Public Television channel, the most watched TV outlet in the country, continues to prevail, including anti-Semitic attacks on LTP and his Jewish wife.

16. (C) The SOE also banned all political rallies. The ban was enforced by the introduction of military troops and riot police posted around Yerevan. Although the SOE expired three months ago, on March 21, the National Assembly (parliament) enacted draconian amendments to the Law on Rallies that promulgated a de facto ban on public demonstrations. Although this restrictive law was modified on June 11 in response to international pressure, it has yet to take effect and the authorities continue to prohibit opposition rallies. As of June 17, LTP's camp has seen 44 of its rally requests rejected. Though a substantive improvement -- on paper -- over the SOE law on rallies, the new law still provides the authorities with broad discretion to ban rallies considered to pose a public threat, and initial signs suggest the authorities will be very liberal in their interpretation of which rallies pose such a threat.

17. (C) The ban on opposition rallies has been "passed along" to the private sector, with prominent institutions like the Marriott Hotel and the American University of Armenia also refusing to rent meeting space to opposition groups and democracy advocates. On June 17, a women's activist group chaired by LTP's wife saw their meeting space at an international hotel pulled at the last minute, as they were about to begin a conference to discuss the functioning of democratic institutions in Armenia.

UNREPRESENTATIVE DEMOCRACY

18. (C) Aside from the Heritage Party, which holds seven of 131 parliamentary seats, virtually the entire National Assembly is part of the governing coalition and a de facto presidential rubber stamp. With Armenia's electorate now seriously polarized -- we lack hard data, but opposition sympathizers probably number around 50 percent of voters -- there is a massive imbalance between the opposition's popular support and its nearly complete exclusion from meaningful representation in government.

19. (C) In response to the April 17 Parliamentary Assembly Council of Europe (PACE) resolution that threatens the suspension of Armenian voting rights absent bold democratic steps by the government, the National Assembly on June 10 adopted changes to its by-laws that are supposed to give the minority opposition a greater voice in parliament. These changes include a) giving the opposition more input into agenda-setting by allowing Heritage to force only one issue every six months for immediate NA consideration, and b) chairing at least one of the parliament's 12 standing committees. The second of these new changes will take effect, however, only after the next parliamentary elections in 2012. Heritage has, not surprisingly, rejected the measures as "imitation reforms."

GENESIS OF THE CRISIS

10. (C) LTP's late-summer 2007 re-entry into active politics after a decade of self-imposed silence jolted the Armenian electorate from its previous lethargy. Despite having himself been driven from office in 1998, LTP brought to the February election stature and credibility that other opposition leaders lacked, and inspired an increasingly disaffected segment of the population with a new belief in the possibility that the ascension to the presidency of the corruption-tinged PM Serzh Sargsian was not a foregone conclusion.

11. (C) Sargsian's partisans responded to that challenge with a heavy-handed reliance on "administrative resources," voter intimidation, biased media coverage, and vote tabulation fraud to produce a tainted first-round majority of 52.8 percent of votes cast, just over the 50 percent needed to avoid a runoff. International reaction to the result was initially driven by an unduly positive preliminary report

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issued by the joint international observation mission before many of the worst abuses had come fully to light, and by a dubious exit poll attributed to a little-known British firm that was paid for by pro-government forces. The extent of serious flaws became more clear over time. Our assessment is that the presidential election was significantly worse than the May 2007 parliamentary election, which we had viewed as a modest step forward.

POST-ELECTION PROTESTS AND LETHAL CLASHES

12. (C) Ter-Petrossian and his allies began daily protest rallies the day after the disputed election, occupying the downtown Freedom Square with their peaceful protest continuously from February 20 through March 1. These daily rallies attracted anywhere from 40,000-70,000 each afternoon, while a hard core of 500-2,000 supporters remained encamped overnight -- including LTP himself in his 1990s' USG-gifted armored Lincoln Town Car -- to hold the square. Early in the morning of Saturday, March 1, police cleared Freedom Square, employing brutal force, and placed Ter-Petrossian under house arrest. The action came just 12 hours after the Foreign Minister had assured heads of diplomatic missions that the authorities would not use force to disperse the protesters.

¶13. (C) By mid-afternoon on March 1, new crowds of LTP supporters had gathered -- more or less spontaneously -- in the vicinity of the French, Italian, and Russian Embassies, near City Hall. A core group of thuggish mid-level organizers, possibly including battle-tested veterans of the Nagorno-Karabakh war, set up barricades and deployed Molotov cocktails and other improvised weapons, but the vast bulk of the crowd (which numbered up to 20,000) were ordinary, outraged Armenian citizens. Late in the evening on March 1 President Kocharian declared the SOE, which the parliament quickly approved, after which army units were sent into downtown Yerevan to quell the violence. The confrontation was eventually resolved in the pre-dawn hours of March 2, but not before at least ten Armenians, including two police officers, had been killed. (NOTE: As of June 19, the only information on the circumstances of the ten fatalities provided by the Prosecutor General has been name, date of birth, and cause of death of the victims. All ten died from gunshot-related wounds, many of which were to the skull, a development that has fueled speculation that authorities deployed snipers against their own citizens that evening. In a hastily issued press release on June 17, the Prosecutor General maintained that an investigation into the deaths is underway, but provided no further details. Families of the ten victims have said very little about the deaths, prompting speculation that the authorities have coerced them into maintaining silence. END NOTE.)

THE AFTERMATH: QUIET BUT NOT CALM

¶14. (C) This series of dramatic events has left an Armenian electorate divided between rage and insecurity. The authorities fear, not without reason, the risk of new, sudden eruptions of political violence and popular outrage that could threaten their rule. Although an uneasy calm has reigned since the March 1 events, the specter of new confrontations is real. LTP's camp announced in early June that it would hold a major rally in Freedom Square on June 20, even if unsanctioned by the authorities. On June 12 and 17 the authorities rejected two formal applications filed by LTP loyalists to hold the rally, citing scheduling conflicts in one refusal and the potential for endangering the public in the second. In spite of the refusals, the opposition vows to hold the rally (reftel).

URGENT REFORMS NEEDED

¶16. (C) We have urged the government to focus on bold political reforms that could relieve public anger and build new political legitimacy by addressing the most egregious elements that enrage Armenians, but so far the initiatives they have taken (most of which have occurred in the last ten days) are anything but bold. LTP's camp, the opposition Heritage Party, and human rights activists have assailed the new initiatives, calling them window-dressing intended to throw dust in the eyes of the international community. European Ambassadors told PACE rapporteurs visiting Yerevan

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on June 16-17 that none of the political measures taken by the authorities so far were serious. We agree.

¶17. (C) The steps that we have urged include investigating and prosecuting pro-governmental as well as opposition figures for election-related violations, restructuring public television and radio to eliminate the strongly pro-governmental bias, restoring the television license (revoked for political reasons in 2002) of the pro-opposition AlPlus news agency, and launching a credible, independent public inquiry into the events of March 1-2. (Note: On June 17, three years after receiving the case, the European Court of Human Rights ruled in favor of AlPlus, finding that the

Armenian government had violated the station's rights under ECHR Article 10 -- access and dissemination of ideas and information -- and fined them 30,000 Euros. End note.)

¶18. (C) Septel will detail what the authorities have/have not done to date to address PACE concerns, but on both fronts there is room for concern. It is our strongly-held view that the modest initiatives floated to date -- virtually all on paper to this point -- lack the depth, credibility, and spirit of political compromise that are urgently needed to restore a semblance of legitimacy. One of the clearest examples of this is the lopsided, pro-government parliamentary committee formed on June 16 to investigate the March 1 events. According to the law establishing the inquiry, an 11-person committee will be composed of eight pro-government MPs, two opposition MPs from the Heritage party, and one independent MP. A representative from the LTP camp is to be invited to join the inquiry, but will not have voting rights. LTP's camp and Heritage have mocked the committee's composition, voting protocol, and constraints on calling witnesses, with LTP refusing to contemplate even joining such a committee until all political detainees are released. Heritage on June 17 nominated two political detainees, both of whom are MPs who had their immunity lifted, to take their spots on the committee. The authorities immediately rejected these nominations on June 18. LTP, Heritage, and Armenia's Ombudsman have urged a three-party composition equally divided between the authorities, opposition and international experts, but pro-government MPs in a parliamentary debate refused this out of hand. It has since come to light that the "independent" MP is not that independent, with suspected strong and unsavory ties to the regime.

BRIGHT SPOTS?

¶19. (C) If there are any bright spots, they are confined to the economic sphere. Sargsian sacked the notoriously corrupt head of Customs, and scolded the agency for corruption in a publicized meeting in April, but then in early June promoted the equally corrupt deputy to take his predecessor's place. That said, we hear customs officials on the ground are being more scrupulous now. On the tax front, Sargsian appointed a well-regarded new deputy at the State Taxation Service (STS). This could be a positive development. And while tax collections continue to rise, they remain selective, with many prominent, pro-authorities businessmen apparently still paying less into government coffers than they should be. The STS was also very "active" before and after the election, harassing pro-LTP media, businesses and oligarchs. The harassment, which includes embarrassing and flimsy tax evasion cases, even one against a waitress working at a pizza restaurant owned by an LTP-supporting oligarch, continues today.

¶20. (C/NF) Sargsian has sacked three high-profile security figures since assuming the presidency on April 9. All three were Kocharian appointees who oversaw the March 1 crackdown and enforced LTP's house arrest. But according to reliable sources, the sackings were made by President Sargsian in order to give the appearance he is working to clean up government. We have reason to believe that Sargsian and Kocharian are still closely consulting on affairs of state, even if they might not see eye-to-eye on everything, and note that forceful Kocharian allies continue to occupy critical posts in the Presidency, with one of his former henchmen having been promoted to be the Deputy Prime Minister. All of this is to say that while the cards have been reshuffled, it's still more or less the same deck.

¶21. (C) We remain concerned that the government's smoke-and-mirrors strategy is predicated on hunkering down

and riding out the crisis bunker-style, depending heavily on its police and security service tools to squash dissent, and entrenching itself firmly in power at all costs. While LTP and his supporters are not angels either, it is government's responsibility to uphold human and political rights. As of right now, this new government has failed to do so. At this point, the authorities -- all the way up to the president -- show little willingness to mend their authoritarian ways. Indeed, we would argue that they are instead spending their energy on sophisticated new ways to retain power while keeping the international community fooled with superficial stratagems.

KEEP THE PEDAL TO THE METAL

¶22. (C) In our view the preliminary, modest initiatives launched by the authorities, even in their most benign interpretation, fall considerably short of what Armenia needs to get back onto a democratic path. We believe that your message should be one of extremely qualified acknowledgment of the steps taken so far, coupled with an unmistakable exhortation that the steps be rethought and reconfigured to truly address the deep divisions in the country. You should also urge the authorities to take the additional steps that have been recommended by the USG. We believe that our firm line in this regard is having the desired effect, and now is not the time, in our view, to take the pressure off.

PENNINGTON